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DIA, OSD and DOS review(s) completed.

TOP/SECRET

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GENERAL

1. British view of the US proposal on Polish elections—According to US Charge Gallman, the British Foreign Office has "great misgivings" about approaching the Soviets, as the US has proposed, in order to establish a common policy toward the Polish elections in accordance with the Yalta agreement. The British Under Secretary for Foreign Affairs believes that the Soviets would be almost certain to refuse to participate, claiming misinterpretation of the Yalta agreement, and such refusal would give the Polish Government a pretext to postpone elections.

EUROPE-AFRICA

- 2. POLAND: Lange to remain Polish Delegate to the UN-Ambassador Lane at Warsaw has been informed that Lange has resigned as Polish Ambassador to the US but will remain Polish Delegate to the UN. (Lange previously had told his Government that he would not continue as delegate unless the Polish Government followed an independent policy based entirely on Polish interests -- see Daily Summary of 23 July, item 4.)
- 3. AUSTRIA: <u>US and UK oil properties</u>—General Clark proposes to inform the Soviet Commander in Austria that oil properties which are owned outright by US and UK interests are not subject either to Soviet control or to Soviet claims "under Potsdam", and that their production should therefore be available for allocation to the UNRRA program by the Austrian Government. Clark characterizes the problem as "most urgent" and adds that he will not wait for the British to make a parallel approach, because they have been "surprisingly slow" in dealing with the Soviets on Austrian property matters.
- 4. VENEZIA GIULIA: Protection of UNRRA shipments—US Political Advisor Byington at Allied Force HQ concurs with his British colleague and the Supreme Allied Commander Mediterranean Theater in disapproving La Guardia's request that governments receiving UNRRA aid be allowed to furnish armed guards for their relief shipments which pass through Venezia Giulia. Byington comments that the introduction of Yugoslav armed guards would jeopardize the "already tense internal situation" in Venezia Giulia, and that there is no evidence that present protection of UNRRA shipments is inadequate.

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TOP SECRET CONFIDENTIAL!

- 5. HUNGARY: Split may widen between Church and Left--US Minister Schoenfeld has been informed by a member of the Hungarian Foreign Office that Cardinal Mindszenty intends to order the resignations from the Government of Catholic clerics who endeavored to avoid an open break with leftists. Observers in Budapest fear that this order, which affects the President of the National Assembly and the Under Secretary to the Prime Minister, will remove a moderating influence from conservative non-Communist groups and will intensify leftist attacks on the Church.
- 6. IRAQ: Prime Minister strongly anti-Communist--US Legation Baghdad reports that Prime Minister Arshad-al-Umari, who took office on 1 June, believes that he has won the support of both the British and the Regent of Iraq in his determined efforts to combat the spread of Communism in Iraq. Arshad intends to "suppress all political parties" soon and is expected to effect the passage of an emergency law according him sweeping powers. The Legation observes that popular indignation against Arshad's "arbitrary methods" apparently has made little impression on the Regent, who expects to leave Arshad on his own during the coming month.

FAR EAST

- 7. INDOCHINA: Conference to convene without Viet Nam--US Military
 Attache Singapore reports that representatives of France, Cochin-China
 and Laos, but not Viet Nam, will meet in conference at Dalat on 1 August.
 He comments that the conference appears to be a French move to gain
 agreement to an overall government for Indochina while Viet Nam leaders
 are in France.
- 8. CHINA: Political refugees quit US Consulate—US Consulate General Kunming reports that Democratic League political refugees, who received asylum in the Consulate two weeks ago (see Daily Summary of 18 July, item 5), have departed following assurances of adequate protection and air passage to Shanghai.

TOP SECRET CUNFIDENTIAL

THE AMERICAS

- 9. BRAZIL: Brazilian AF resents US ownership of bases—US Military Attache Rio de Janeiro reports that there is bitter feeling in the Brazilian Air Force against any indication of US ownership of Brazilian air bases. US Ambassador Fawley has officially requested the Joint Brazilian—US Military Commission that the US flag no longer be flown at airbases in Brazil.
- 10. ARGENTINA: Public opinion favors new Bolivian regime--US Military Attache Buenos Aires reports that the majority of the Argentine press and public express approval of the new Bolivian regime. The Peron press, however, has attacked the movement as anti-popular and the work of US imperialists.
- 11. NICARAGUA: Plan to purchase arms from Mexico--According to US Ambassador Warren, the US Military Attache Managua has been reliably informed that Major Somoza, son of the Nicaraguan President, plans to depart soon for Mexico City to purchase small arms and ammunition for the Guardia. Somoza allegedly stated that his trip was necessitated by the Guardia's inability to secure arms from the US.